UNITED NATIONS

General Assembly

FORTY-NINTH SESSION

Official Records

FIFTH COMMITTEE
12th meeting
held on
Friday, 4 November 1994
at 10 a.m.
New York

SUMMARY RECORD OF THE 12th MEETING

Chairman: Mr. BARIMANI (Islamic Republic of Iran)
(Vice-Chairman)

later: Mr. TEIRLINCK (Belgium)
(Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued)

AGENDA ITEM 108: PROGRAMME PLANNING

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of the publication* to the Chief of the Official Records Editing Section, room DC2-794, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

Distr. GENERAL
A/C.5/49/SR.12
21 November 1994

ORIGINAL: ENGLISH

94-82022 (E)

In the absence of Mr. Teirlinck (Belgium), Mr. Barimani (Islamic Republic of Iran) took the Chair.

The meeting was called to order at 10.25 a.m.

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/49/16 (Part II), A/49/34, A/49/98, A/49/336, A/49/418, A/49/471 and A/49/560; A/C.5/49/1)

1. Mr. BREITENSTEIN (Finland), speaking on behalf of the Nordic countries, welcomed the Secretariat's new approach to the reforming of the management practices of the Organization. Reform was urgently needed both to enhance the Secretariat's efficiency and to increase the confidence of Member States that mandates assigned to the Secretariat were properly executed. The dovetailing of the major management instruments currently being introduced or revised, together with the budget outline for the biennium 1996-1997, provided a comprehensive basis for the consideration of the whole subject of management by the current General Assembly.

2. As for the establishment of a transparent and effective system of accountability and responsibility, the efforts undertaken by the Secretariat to improve the system of accountability demonstrated its commitment to finally tackling inadequate management practices. Assigning responsibility, delegating authority and ensuring accountability were all prerequisites for enhancing the effectiveness of the Secretariat. Authority, however, must be commensurate with responsibility and any increase in authority and responsibility should therefore be followed by a corresponding increase in accountability.

3. The Nordic countries noted with satisfaction that, in restructuring the Department of Administration and Management and implementing a new system of accountability, the Secretariat had addressed the urgent question of decentralization, which had increased in importance as a result of the multiplication of field operations in the areas of peace-keeping and humanitarian assistance. The problems of the current management system, however, should not be underestimated and firm and persistent commitment on the part of Member States was essential for the successful implementation of the new system of accountability and responsibility. The involvement of staff in setting up a personnel appraisal system and, indeed, in the entire process was also essential. He welcomed the efforts being made to develop a new culture of motivation, including a balanced system of rewards for good and sanctions for poor performance. Clear guidelines for the appraisal and recognition of performance, a framework for dealing with unsatisfactory performance, and a set of generic training modules in performance appraisal and management were also needed.

4. Staff training was of particular concern to the Nordic countries. New training requirements should be adopted as part of the organizational development process and the Secretariat should propose a plan for further training of all personnel in financial and administrative issues. Situation

analysis, priority setting, methods for the follow-up of activities, the use of statements of accounts for monitoring activities, self-evaluation and the application of the results of follow-up and evaluation in planning and budgeting were other important questions to be addressed. Such an exercise was for the Secretariat to undertake. Member States should avoid micromanagement and concentrate, instead, on simplifying mandates, providing overall policy guidelines, and ensuring that there were adequate procedures for monitoring and evaluating performance at all levels.

5. Turning to the oversight functions of the Organization, the Nordic countries welcomed the work done by the Office for Inspections and Investigations, which provided a good basis for the work of the new Office of Internal Oversight Services. They also welcomed the recommendations made by the Board of Auditors for improving oversight functions (A/49/471). They were, however, concerned that the remedial action which had followed the Board's findings had not been sufficiently effective and that there had often been delay in obtaining details of cases of fraud, as a result of which the Board had been unable to review the adequacy of the action taken covering all the cases reported.

6. He noted with satisfaction that the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A had come to the conclusion that the involvement of yet another intergovernmental body of experts was not required for the oversight of the Organization. The importance of preventive action in controlling mismanagement and fraud had to be underlined, especially with regard to peace-keeping operations, which had proved to be a problem area in that regard.

7. Mrs. FRECHETTE (Canada), speaking also on behalf of Australia and New Zealand, said that accountability, responsibility and the delegation of authority were fundamental to sound management and, as such, were commonplace in most large organizations. The Secretariat was not a large or complex organization and could not claim to be special or different. Together with the related review of legislative and administrative issues and procurement, improved internal communications, enhanced training and work programme-based performance appraisal, the system of accountability would reinvigorate the Organization's programming and budgetary process and enable the Secretariat to focus on results. In short, the reorientation of the Organization's senior management had been completed. The Secretariat had delivered a platform of accountability and transparency which could ensure that the interests of Member States were served and their expectations met. In the process of restructuring, Member States had sought a responsive Secretariat in which senior officials saw their role as one of serving Members and had expressed the desire to empower managers, giving them freedom to act and innovate within a framework of basic rules. Member States must therefore stop micromanaging the Organization and must resist the urge to request endless reports and budget estimates. Managers must be given the chance to manage and the new system of accountability would give managers the resources to do so as well as the means to measure their performance and to hold them accountable for their actions. It was now for the managers to deliver the fruits of those reforms.

8. Her delegation welcomed the report of the Secretary-General on the restructuring of the United Nations Secretariat (A/49/336). The tone of the report was positive, even though it was only an initial assessment of a process that was still under way. Her delegation had expressed concern in the past that the Secretary-General's commitment to a more efficient and effective structure was not well understood throughout the Secretariat. The current report provided some reassurance that reforms were being instituted to ensure clearer and more effective lines of responsibility and that a capacity was being created to deploy staff and resources where they were most needed and to respond flexibly to new requests and changing mandates. It was also important to ensure that when an activity was no longer necessary it would cease and the associated resources would be redeployed to higher priority areas. She agreed with the Secretariat that restructuring should be driven by the objectives and priorities established by Member States and that it was a process rather than an event. There should, however, be alternating periods of reform and consolidation, although changes to that cycle might well be imposed from outside.

9. While the report's assessment of the economic and social sectors was very tentative, one of its most positive features was that it indicated both the positive and negative effects of restructuring. The same results-oriented approach should be applied to all programme evaluations, in contrast with the traditional focus on the quantity rather than quality of outputs. The report noted the additional difficulty of restructuring a system which could not be taken "off-line" for that purpose and the need for related reforms in other areas, especially the planning, programming and budgeting process, and in the field of human resources management. It also drew attention to the need to ensure that the responsibilities of Member States and of the Secretariat were exercised in a mutually reinforcing way.

10. On the question of oversight, strong and independent oversight mechanisms were a vital part of any system of accountability and were necessary to maintain the confidence of Member States in the Organization. She welcomed the steps that had recently been taken to strengthen the independence of the Office of Internal Oversight Services. Independence in itself, however, was not enough unless backed up by adequate human and financial resources to carry out the necessary oversight functions and reviews. It was therefore a matter of some concern that the Assistant Secretary-General for Inspections and Investigations had commented on the limitations imposed on his Office by inadequate resources. Staffing levels within the Office had dropped during 1994 and the delegations on whose behalf she spoke would look favourably on any proposals to increase the financial and human resources for the work of the Office. In their national systems, it had frequently been found that the savings identified by such internal oversight bodies could more than offset any additional resource implications.

11. She agreed that, in order to strengthen the independence of the Board of Auditors, its budget should be put on the same basis as that of the Office of Internal Oversight Services and should be identified in a separate section of the programme budget, reflecting a separate and distinct programme in the medium-term plan. She was disappointed that the Advisory Committee and the

Committee for Programme and Coordination had not yet responded to the request contained in General Assembly decision 47/454 for reports on how the effectiveness of oversight and coordination mechanisms could be improved.

12. She noted with satisfaction the sharper focus being given by both internal and external oversight bodies to management issues. Oversight should not be limited to delving into lapses of probity, and non-compliance but should concentrate on helping managers uncover inefficiency and improve performance. In that connection, the emphasis and wider coverage given to management issues and systems in the reports of the Board of Auditors for the biennium 1992-1993 were particularly commendable.

13. While the reorientation and restructuring currently under way were welcome, it was also important to develop procedures to ensure that the recommendations of oversight bodies were followed up and remedial action taken promptly. She therefore supported the proposal of the Board of Auditors that the Advisory Committee should be more closely involved in follow-up of the Board's recommendations.

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/48/516 and Add.1, A/48/572, A/48/587, A/49/5 (vols. I-IV) and Add.1-9, A/49/214, A/49/348 and Add.1-2, A/49/368 and A/49/547)

14. Mr. HAMMARSKJÖLD (Sweden), speaking on behalf of the Nordic countries, expressed satisfaction with the Board of Auditor's practice of reporting the results of specific audits and maintaining a constructive dialogue with the administrations under review. While the Nordic delegations generally endorsed the recommendations of the Board and the related comments in the Advisory Committee's report, they were concerned about some of the findings and conclusions regarding financial matters and, in particular, deficiencies in budgetary control. As in previous years, the Board had felt compelled to issue qualified audit opinions in certain cases and, while there had been some improvement in the underlying factors in the United Nations Development Programme (UNDP), The United Nations Population Fund (UNFPA) and the United Nations International Drug Control Programme (UNDCP), there was still need for remedial action. That was also true of the audit statement on peace-keeping operations (A/49/5 (vol. II)). On the positive side, he noted that the organizations generally complied with the common accounting standards of the United Nations.

15. With regard to the Board's observations and findings concerning management issues, the Nordic countries welcomed the horizontal studies on the procurement of goods and services and the Integrated Management Information System (IMIS). They were concerned, however, about the continued problems in the purchasing procedures in several organizations. Improvements in those procedures were urgently needed and they shared the views expressed on that subject in paragraphs 24 to 33 of the Advisory Committee's report (A/49/547).

16. The recommendations contained in paragraph 9 of the Board's report on the accounts of the United Nations (A/49/5 (vol. I)) were pertinent to all organizations and he would welcome any additional information on the terms of reference and any tentative plans for implementation of the recommendations to be made by the high-level group of experts referred to in paragraph 31 of the Secretary-General's report on the implementation of the recommendations of the Board of Auditors (A/49/348).

17. The Nordic delegations noted with concern the Board's findings regarding the publishing services in the United Nations. The Board had found that there were no computations of total costs for a publication and that large quantities of publications were disposed of because of overproduction. He supported the Board's recommendations that the review of pricing policy should be completed and follow-up action taken. Market research should also be strengthened to ensure that overproduction was avoided as much as possible.

18. Of particular interest to the Nordic delegations were the findings and recommendations of the Board concerning programme and project management, which had more far-reaching implications than observations on such activities as cash management, the use of consultants, and inventory control. Those were technically easier to handle and did not reflect general management culture to the same extent.

19. With few exceptions, the Board had found rather serious shortcomings in programme and project management in all of the organizations and funds under review. As major contributors, the Nordic countries were particularly concerned to note the Board's observations with regard to UNDP, UNICEF and UNFPA. Another recurrent observation by the Board was that the monitoring of project performance, both substantively and financially, was unsatisfactory. Monitoring in UNDP had become highly mechanical. Projects were often monitored to satisfy administrative requirements rather than to encourage remedial action. In addition, UNDP had been unable to meet the Board's request for information on the number of projects that had been delivered on time and within the budget. Although examples of good monitoring existed in UNFPA, progress reports often did not clearly establish what had been done, whether it was relevant to achieving stated objectives, or what remained to be done. In UNICEF, monitoring needed to be improved in order to promote programme delivery of supplementary-funded projects.

20. The situation with regard to project evaluation was not much more encouraging. The Board had found a reason to doubt the coverage of evaluations in UNDP and it was concerned about the quality of some of the data and the corresponding conclusions. In addition, it had been unable to find independent evidence of the general sustainability of projects of UNDP and had concluded that the prime objectives of the evaluation process were not being met.

21. Given the evident need for improvements in programme and project management, it was encouraging to note that administrations were generally responsive to the Board's findings and recommendations. In some areas, however, the follow-up of earlier recommendations had been insufficient. It was a matter

of concern, for example, that, since the 1990-1991 report of the Board, UNDP and UNFPA had continued to under-report to the Property Survey Board cases involving losses of non-expendable property.

22. On the issue of independent audits and management reviews of activities of the United Nations system (A/48/587), the Nordic delegations supported, in principle, the views and recommendations of the Panel of External Auditors. Furthermore, they understood the position of the Secretary-General when he declined to accept contributions offered on conditions of independent audits and management reviews. That position was in accordance with existing regulations and rules. To the extent possible, activities financed from extrabudgetary contributions should be integrated into the ordinary financial management process. Member States had the possibility of scrutinizing the financial controls of all organizations through their respective governing bodies. At the same time, the system should enable Member States to receive information, whenever requested, on the utilization of their contributions in order to maintain their willingness to contribute to voluntarily funded activities.

23. Mr. SINGH (India) said that, just as the work of the Organization and its financial and personnel resources had expanded over the previous 10 years, its budgets had also come under more detailed scrutiny by Member States. The collective desire of Members was to have a more efficient and cost-effective Organization. In that regard, the work of the Board of Auditors was of great value and India was pleased to note that the Board had focused its reporting on deficiencies and problems that covered the broad spectrum of the Organization's activities with a view to improving its productivity and efficiency.

24. The Board had made several significant observations on current practices and had suggested alternatives which would save the Organization considerable money. Its recommendations should therefore be seen as part of the process of interaction between the Organization, its oversight mechanisms, and its Member States so that, together, they could promote those objectives. Some of the Board's observations on accounts and financial reporting were both relevant and important in a systemic sense. For example, the fact that only two of the 17 peace-keeping missions had presented evidence of a cash count as of 31 December 1993 to confirm the accuracy of cash-in-hand balances seemed to suggest that even rudimentary accounting procedures were absent in the field. Also, the absence of proper inventories of non-expendable properties at duty stations away from Headquarters was symptomatic of certain systemic deficiencies. His delegation hoped that the corrective steps referred to in the report of the Secretary-General (A/49/348/Add.1) would be implemented in full and at an early date in all field missions.

25. The Board's observations on the issue of procurement practices within the United Nations were revealing. Remedial action had been suggested by them in several cases and the Advisory Committee had concurred with those suggestions. The Board's observations on the contracting of freight forwarding and ship chartering to a single agent under arrangements which were not transparent enough and the virtual monopoly given to one country for air contract services graphically illustrated the need to improve both efficiency and accountability.

The Secretary-General's report described the efforts being made to address those issues. The streamlining of procurement policy and practices was one testing ground for joint efforts to bring about a change in the management culture and approach of the Organization.

26. His delegation endorsed the observations and recommendations made by the Board of Auditors with respect to the need for regular monitoring of the number and extent of exceptions to billing; the need for contracting of major procurements through open tendering; the need for regular updates of suppliers' rosters; regular reviews of suppliers' performance; the need to have properly trained procurement officers; and the need to reduce the excessive flexibility in the use of exigency provisions in procurement through a listing of those situations which might be considered as such. His delegation welcomed the review of procurement policy and procedures being undertaken by the group of experts invited by the Secretariat and hoped that it would include revised procedures to provide for a truly competitive, fair and transparent process, including the establishment of clear lines of authority and accountability, and inherent control mechanisms.

27. His delegation shared the Board's view that the Integrated Management Information System (IMIS), on which there had already been considerable expenditure without significant results, should now be taken up on a priority basis for completion. The project team should be appropriately strengthened and detailed targets established for all key responsibility centres for the project so that IMIS could fulfil its purpose early in 1995.

28. For several years, the Board had been drawing attention to irregularities in the hiring of consultants. Those irregularities included the absence of rosters and the violation of the limit on the duration of hiring. Given the recent expansion of the Organization's activities, especially in the field of peace-keeping, greater use should be made of the considerable in-house capabilities available to the Organization and the use of external consultants, especially for peace-keeping purposes, should be kept to the absolute minimum. His delegation endorsed the observations of the Board that, in the engagement of consultants, advisers and researchers at the United Nations University, due regard had not been paid to geographical distribution. There was a sufficient pool of talented and suitably qualified manpower available around the world and that reality should be adequately reflected in the day-to-day functioning of the Organization.

29. Mr. Teirlinck (Belgium) took the Chair.

AGENDA ITEM 108: PROGRAMME PLANNING (A/49/6, A/49/16 (Parts I and II), A/49/99, A/49/135 and Add.1, A/49/452; E/1994/4, E/1994/19)

30. Mrs. AGGREY-ORLEANS (Chairman of the Committee for Programme and Coordination), introducing the report of the Committee for Programme and Coordination (CPC) on its thirty-fourth session, said that the programme planning cycle comprised two prospective phases of medium-term planning and biennial programming and budgeting, followed by two retrospective phases of

review and assessment, in which reports submitted to the General Assembly permitted Member States to determine whether or not mandates had been carried out and objectives met. The Committee for Programme and Coordination was the main intergovernmental body in that cycle. Having initially restricted itself to assessing the effectiveness of economic and social programmes, CPC had subsequently initiated evaluations in the humanitarian and political sectors. That such complex programmes could be evaluated was tribute to the consensus on methodologies and procedures developed in CPC.

31. At its thirty-fourth session CPC had continued the development of methodology through its consideration of the use of achievement indicators, the use of evaluation as an instrument for management, and the phases of evaluation studies. CPC had recommended an ambitious schedule of evaluations for the next three years. In addition CPC had made recommendations on the start-up phase of peace-keeping operations, evaluation findings in programme design and delivery, the evaluation of programme 45 on the economic situation of Africa and programmes at the Economic Commission for Africa, and the United Nations programme on social development.

32. In its consideration of the annual overview report of the Administrative Committee on Coordination (ACC), CPC had emphasized the need to focus on development financing and to maintain the momentum generated by the United Nations Conference on Environment and Development, noted the problems of countries invoking Article 50 of the Charter and of countries in transition, welcomed the ACC programme of work for 1994, reaffirmed the importance of coordination within the United Nations system and its own role therein, and agreed to consider African economic recovery and development further in conjunction with ACC.

33. With regard to programme performance for the biennium 1992-1993, CPC regretted the decrease in the rate of programme implementation during that biennium and had recommended that action should be taken on the 173 outputs postponed from the biennium 1990-1991 to the biennium 1994-1995. In view of the importance of peace-keeping operations in the 1994-1995 work programme of the Joint Inspection Unit (JIU), CPC had considered the JIU report on civilian staffing of peace-keeping missions, and had endorsed the Unit's diagnosis of current imperfections in that area.

34. In its consideration of the Secretary-General's report on a transparent and effective system of accountability and responsibility, CPC had indicated the importance of the concept that the Secretariat worked to serve all Member States. CPC had endorsed the measures proposed to be taken by 1 January 1995, agreed on the need for an organizational chart and supported the view that staff representatives should be involved in the reform process.

35. CPC had noted that the restructuring of the Secretariat appeared to be leading in the right direction, but had recognized that it was still too soon to make a full evaluation. In particular CPC had welcomed the efforts to improve the management culture, streamline the Department of Administration and Management, consolidate internal oversight and strengthen training.

36. Regarding proposed revisions to the medium-term plan, CPC stressed the need for all proposed revisions to be submitted to the relevant Main Committees prior to consideration by the Fifth Committee. In view of the doubts regarding the effectiveness of the medium-term plan, CPC welcomed the proposed new format of the medium-term plan, comprising a perspective and a programme framework for a four-year period, beginning in 1998. CPC had also examined the outline of the proposed programme budget for the biennium 1996-1997, which it had recommended to the General Assembly while stressing that the search for economies should not be at the expense of development projects in Africa. In that connection CPC had noted that it would be difficult to implement the System-wide Plan of Action for African Economic Recovery and Development without additional resources.

37. While the tools of programme planning, monitoring and evaluation had been considerably refined, there were still difficulties in assessing the impact of United Nations programmes. Much also remained to be done to promote effective coordination within the system. The thirty-fourth session of CPC had reflected a transition from reform to consolidation, complemented by improved cooperation between CPC and the Secretariat, as reflected in the frank documentation. The increased involvement of the Department of Administration and Management had improved understanding of the challenges and helped to identify solutions. Unfortunately the late issuance of documentation, a problem the Secretariat must do all it could to resolve, had somewhat undermined that happy trend.

38. Mr. TAKASU (Controller) said that under the programme planning regulations the medium-term plan was to be revised every two years to incorporate required programme changes and reflect the programme implications of decisions of intergovernmental organs and international conferences. Accordingly revisions were proposed at the forty-ninth session in respect of 23 programmes, falling into four groups: the results of or preparations for major United Nations conferences, giving rise to new mandates; the termination of programmes that had attained objectives; programmatic changes reflecting restructuring or the reformulation of programmes of work; and other revisions of a technical nature. The revisions being proposed, covering the last two years of the plan period, would serve as a basis for the proposed programme budget for 1996-1997 and act as a bridge to the next medium-term plan, beginning in 1998.

39. The Fifth Committee should be aware of the time constraints the Secretariat faced in preparing the new medium-term plan, in respect of which a prototype of a new format had been developed following the doubts that had been expressed regarding the effectiveness of the current system. The new format sought to ensure that the medium-term plan would serve as the strategi document of the Organization, with congruence between the organizational and programmatic structures. It was also hoped that it would promote greater unity of purpose, clearer lines of responsibility and greater managerial accountability. Since the Secretariat would need to begin preparations for the new plan in January 1995, the General Assembly must give clear guidance at the current session.

40. Mr. ETUKET (Uganda) asked whether responses had been received from committee chairmen regarding the proposed revisions to the medium-term plan. He hoped that the Fifth Committee would have an opportunity to hear the views of the Advisory Committee on the relevant administrative and financial aspects.

41. The CHAIRMAN said that he was awaiting a response from the Chairman of the Third Committee, following which the replies would be circulated.

42. Mr. TAKASU (Controller) said that Fifth Committee practice had been to take up proposed revisions to the medium-term plan without waiting for the Advisory Committee's views. It was, however, for the Committee to decide how to proceed.

The meeting rose at 11.55 a.m.